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We have many things in common.

I believe in the efficacy of our farm family system of agriculture.

And so do you.

I believe the nation has a responsibility to help maintain that system economically with positive programs so that our farm families can operate on a stable sound basis in order that they can continue a high rate of production to feed 215 million people here at home and the millions in foreign countries who need our food.

You believe that too.

I believe that our food is this nation's most effective instrument to secure enduring world peace and understanding.

And so do you.

I believe that cooperatives are the farmers' best mechanism to create effective bargaining power in the marketplace and to meet the competition from other private enterprise institutions.

And so do you.

I can't think of a single, important issue relating to agriculture or to the whole nation, for that matter, where we disagree fundamentally.

I think it's been a few years since a Secretary of Agriculture could come to your convention and say the same thing.

Furthermore, I'm proud to say it.

As a member of the Farmers Union, I should speak frankly about those things that are the immediate concern to all of you, and to me as Secretary of Agriculture.

Some farmers -- many farmers, in fact -- are in serious financial trouble. They have grave cash flow problems -- particularly the wheat and feed grain producers.

The arithmetic of their problems is simple: overproduction and record surpluses plus mounting production costs equals busted prices.

Remarks prepared for delivery by Secretary of Agriculture Bob Bergland to Annual Convention of the National Farmers Union, March 8, 1978, Salt Lake City, Utah

You don't need a lot of USDA statistics and trend charts to tell you that. And I didn't have to come here today to find it out. I've heard that from some 55,000 farmers in 26 states in the last four months.

Believe me, I've gotten the message.

So what do we do about the problem?

The arithmetic may be simple -- but certainly the solution isn't.

You and I both know -- after some bitter experiences -- that there are some inescapable ground rules and some hard political realities that must be faced when we seek an answer to today's farm and food problems.

And whether we like it or not, we have to deal with those realities.

So let's take a look at some of them.

First, there is the little matter of three consecutive years of record crops and favorable worldwide production -- with all the resulting surpluses -- massive piles of them. The biggest in 13 years.

When you have surpluses you have three options open to you.

One would be to pretend they aren't there -- that they will just go away. Well, that's not the real world.

Another option would be to put the government back in the business of building granaries and warehouses and using retired battleships and piling up huge government-owned inventories.

We have all been through that before and it was a disaster.

Finally, there is the third choice -- and the one we chose.

We set out to finance the building of granaries on the farms. It's been a huge success. We financed more farm storage last year than any year in the history of the program that has been going on since the 1950's. Granaries have been built on the farms where they belong and then we proceeded to make other accommodations to try to take care of the big crop which was in production, even in 1977, by increasing the loan rates on corn to \$2 and raised milo and barley accordingly.

And the price of grain moved up and up -- right in the peak of harvest. Grain prices moved up 50 cents a bushel because of that increase in loan rates.

We are now reaching the point of having the largest and most flexible food reserve program ever known to man -- and it's on the farms where producers own it and control it.

This reserve means wealth. It means security to both farmers and the nation. It means getting a handle on our surpluses -- and not letting those surpluses control us. It means strengthened prices for farmers and market stability.

You Farmers Union people have been talking about this for years. You have tried to do it with your grain cooperatives. In this case, the government is assisting all farmers in a number of ways. I have taken steps to cut the cooperatives in on this program -- so as to give you a new bargaining instrument in the marketplace -- both here at home and abroad.

I say that the Food and Agriculture Act of 1977 has given farmers the best opportunity they have ever had to do something for themselves in a positive and effective way.

Now the farmers have the tools to control their production of wheat and feed grains, to more nearly meet the demands of the market.

You now have a way of handling your surplus inventories and free them from the price-depressing effect they have on the market.

And you farmers have the control. You have it in your power to affect market prices. The government is not the market of first and last resort.

It's a program that guarantees your independence of operation. It's completely voluntary. You are not hamstrung by a myriad of government regulations and red tape that directs you in every step of your operation from seed to bin.

And when the market goes up -- you benefit from higher prices. And when your crop and the world's crop is favorable and supply exceeds demand, you have an economic cushion to fall back on.

To the extent that anything is possible in the risky business of farming, the program does blunt the ragged peaks and bottoms of the usual boom-bust cycles in agriculture. That's what every business tries to avoid -- take as much risk out of your farming venture as you can. Put it on a businesslike predictability basis and yet operate and benefit from a market-oriented kind of agriculture.

And there are some other realities in this approach -- realities that you can't escape and must consider.

I know I can talk freely about political realities to you folks because the Farmers Union has been dealing with them face-to-face for all of the 76 years of its existence as a major farm organization.

You know that politics is a hard-nosed business. But it's also a give-and-take game, as well. And it is this give-and-take -- the ability to compromise that makes this democracy work.

And I happen to know a little bit about it. I've watched government work from the outside as a farmer -- just as you do. I've watched it work from the inside as a Congressman from Minnesota -- dealing primarily with farm legislation.

And now I'm sitting on the hot seat and I think I can do more for farmers where I am now than in any of the other spots. At least, I'm trying.

But to get back to the business of politics. The political realities for farmers are plain to see.

Reality Number One is that farm population now represents less than 4 percent of our total population. In the House of Representatives farmers are outnumbered 400 to 35. We have a little more relative strength in the Senate but not much.

So where does that leave farmers?

If we looked only at the numbers, the prospect is pretty bleak. But that's not necessarily true if we look at political reality No. 2.

The nation's 218 million consumers constitutes that reality.

We've got them coming over to our side.

I saw this happen at first hand when I sat on the House Agriculture Committee for six years.

I saw it happen when we passed the Farm Act on 1973 and then I saw real evidence of it two years later when we tried to make some improvements in that act.

Most of you well remember those battles.

Special interests were voicing the cries of doom -- that we were shipping all our food to Russia -- that we were actually running short of grain -- that bread prices would reach a dollar a loaf.

Farmers were really getting it in the neck. There was a calculated and quite successful campaign to blame the farmers and their programs for almost everything -- primarily the cost of food.

And embargoes were ordered -- foreign sales moratoriums were declared by an administration bending to the panic.

Even some of our friends in labor withheld their support or even openly opposed farmers.

But you know who came forward and stood up for the farmers?

It was some of the organized consumer groups -- that's who.

My present Assistant Secretary of Agriculture, Carol Foreman, was one of those who led a most effective fight in your behalf. She and her people appeared before our Agriculture Committee time and again voicing support for farmers. The consumer organizations waged an educational campaign to make it clear that farmers were not the cause of high food prices.

It was these consumer groups who, alone, could reach the nonfarm sector with the message that it was farmers and only farmers who could fulfill the needs of the nation with adequate food and fiber. It was these consumer groups who said that it was in the nation's own best self-interest to help farmers maintain a high level of production. And that assistance meant adequate farm programs.

And so when the Farm Act of 1973 expired last year and this Administration and the new Congress started putting a new and better one together -- we received the support of consumers and urban Congressmen once again.

Of course, the present program isn't everything that every farmer wants.

Can you tell me anyone -- or point to any one organization -- that can come up with a program that can completely satisfy every one of the some 2 million farmers we have today? Can anyone come up with a program that can meet the needs of some 400 different commodities?

Can anyone outline a program that would completely restructure our whole farm marketing system without, at the same time, completely destroying farmer independence?

Can anyone create a farm program that would take all the risks out of the weather?

After all, weather here at home and worldwide has more direct affect on price than all the government policies in this world laid end to end.

And finally, what about political reality No. 3?

What about the actual cost of a guaranteed farm price program?

Now, if you arbitrarily set the prices of all farm commodities at at some magic figure called parity, we are faced with some hard problems -- none of them attractive or feasible.

It would require a mandatory slash in production of wheat and feed grains -- not voluntary, mind you, but by government fiat. It would require the greatest and most restrictive production controls that farmers have ever experienced. It would require a restructuring of our marketing system -- creating the most monstrous bureaucracy.

There is nothing in the history of farm family agriculture that would indicate farmers would accept this sort of regimentation without being guaranteed adequate payments for land taken out of production. The government cost of financing such a program would be staggering and taxpayers wouldn't stand for it. Previous programs to pay farmers for not producing caused a wave of public resentment. A new and more costly attempt to revive the program would be most difficult to get through Congress.

Furthermore, such a program would dangerously imperil our reputation in foreign markets as dependable suppliers. We would become non-competitive in the export market. We could be put in a position where our reserves were inadequate to meet domestic and worldwide demands in periods of production shortfalls -- which are inevitable.

And finally, arbitrarily pegging commodity prices too high would invite a new wave of farm speculation that would drive land prices up another 12 to 15 percent above current record levels. Such an increase would again have to be reflected in the artificial commodity price structure, thus perpetuating the costly cycle. Furthermore, another sharp increase in farm land prices would virtually foreclose, forever, any chance for young family farmers to enter agriculture or to develop adequate farm land resources. That point has already been reached for many farmers.

So where does that leave the farmer?

It leaves the farmer standing alone -- economically and politically naked.

I submit, my friends, that the Food and Agriculture Act of 1977 is not only the very best program that is politically acceptable and possible -- but, more important, it is a very good program economically for farmers.

Give it a chance to work this year. It hasn't even been tested yet. And how can you be sure it won't work if you don't try it? I'm convinced it will.

From this farm program -- from this Administration -- you not only get understanding and awareness of your problems, which are very real -- you also get some positive government assistance. You have a vast reservoir of public support going for you now -- that you never had before.

I say our existing farm programs, together with the help of a sympathetic Administration that cares about the welfare of family farmers gives farmers a golden opportunity to prove to themselves and the nation that they can make a self-help, voluntary program work.

The program provides outright government financial assistance. It provides the tools to control production. It provides a program to control surpluses. It will, I am convinced, greatly strengthen farm prices. The program makes us competitive and more secure in the foreign markets which are the life-blood of the wheat and grain producer.

And for the first time, we have a program that can create some semblance of economic stability within agriculture.

And I'm not just blowing smoke when I say this.

Agricultural economists are generally agreed that for every one cent increase in the market price of wheat and corn -- farmers gain from \$75 to \$80 million dollars.

Now you just take a pencil and paper and figure out what your wheat was selling for in Bowman, North Dakota or Hayes, Kansas at its lowest point last year -- and then compare it to the target price for wheat of \$3.00 a bushel.

And I'm saying that if you participate in the set-aside and reserve programs, the price of wheat and feed grains can go well above the target level. And with a shortfall of production which is already evident in some parts of the world -- that price could go much, much higher. And with your grain in reserve on your farm and under your control -- you can sell it for that higher price.

So just multiply that \$75 to \$80 million dollars by 100 or 125 or 150 and get a walloping \$7 to \$10 billion increase in net farm income.

And if you don't use the programs offered to you -- then you are saying, in effect, to the consumers and to the Congress that you really are not worried about the surplus -- that you are satisfied with the current farm price outlook.

What other possible interpretation could consumers place on such inaction? And what other interpretation could the Congress, the President or I put on such a decision by farmers?

This is not a matter of throwing down the gauntlet and say "take it or leave it" without protest, without criticism, without trying to make things better for yourselves.

It's the blunt question of whether farmers want to take this opportunity to help themselves -- keep farm land prices from going out of sight and thus freezing out future opportunities for young farmers. This is your opportunity to strengthen your support among the general public and help yourselves at the same time.

If I have been frank and blunt with you this evening, it is because I think you wanted it this way. That's the way friends ought to talk to each other.

As Secretary of Agriculture for all 2 and a half million farmers I have no alternative but to represent the best interests of all of them. I'm not just the advocate of the wheat farmers -- or the corn farmers or the live-stock rancher -- the fruit grower -- the dairyman. I have to consider all Americans. I no longer just represent 500,000 people in a district in Minnesota. My responsibility ranges from the potato farmer in Maine to the celery farmer in California, to the citrus grower in Florida, the tobacco farmer in Carolina, to the ranchers and farmers in between.

But that's one of the occupational hazards of being a Secretary of Agriculture and I took the job with my eyes wide open.

They say the job is a political graveyard. That's all right with me as long as I think I can do something positive to help farmers. Otherwise there is not a single tidbit of reward in the job. As long as I can speak at your conventions -- have your counsel, your cooperation and your friendship, then it makes it all worthwhile.

Thank you very much.

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